

EXHIBIT B

**NorthWestern Energy
Executive Long Term Incentive Plan
Effective February 1, 2002 through December 31, 2006**

Purpose

The plan is intended to align the long-term interests of key executives of NorthWestern Energy (NWE) with the interests of NorthWestern Corporation and its shareholders by providing a share of the increased value of NorthWestern Energy (as defined herein) created by participating executives over a period of years. For purposes of this incentive plan, NorthWestern Energy will be defined as all of the utilities businesses owned by NorthWestern Corporation during the duration of this plan.

Eligibility

Key executives of NorthWestern Energy Group, as approved by the NWE board of directors (the "Board"), are eligible to participate in the Plan.

Participation Level

Each executive will receive a designated percentage of the increase in value of NWE (an "interest") for the time period that the plan is in effect, as approved by the Board. Such interest will vary by individual and will generally remain unchanged for the life of the Plan. A change to an individual executive's interest requires Board approval.

Vesting

Vesting occurs 6.25% quarterly at the end of each calendar quarter, beginning with Q1, 2002. Active Plan participants as of Plan inception on February 1, 2002 will be credited with a full year of vesting (25%) for calendar year 2002. A participating executive's interest will be pro-rated for participants hired during the life of the plan. Participants who terminate during any plan quarter will receive the vested percentage they have earned through the end of the last full plan quarter worked.

Plan Design

The plan is based on improving NWE value during the effective Plan dates, with 50% of the executive's opportunity tied to NorthWestern Corporation stock performance over such timeframe (Attachment 1). At each calendar year-end, actual improved value is determined by using a fixed multiple of operating income (net of incentive accrual) minus debt and capital deployed at such time. Capital and debt may be adjusted annually to reflect investments in the business and/or the reduction of debt. The value of each executive's interest will be equal to the executive's assigned interest times the improved value created over the specific measurement period, with 50% ratioing off of the targeted NorthWestern Corporation stock price.

Payment of Benefits

Payment of the award will be made on the following schedule:

The amount that is fully vested, as soon as administratively possible following the close of the books as of 12/31/04

The amount that is fully vested less the amount previously paid, as soon as administratively possible following the close of the books as of 12/31/05

The additional value earned, less the amount previously paid, as soon as administratively possible following the close of the books as of 12/31/06

There is a cap of 1.5 times each element of the plan (incremental value and stock price) for a cap of 2.0 times the total target award.

Termination of Employment

If a participant terminates employment with the company, he or she will be paid out for any vested benefit calculated as of the end of the prior calendar year using the NorthWestern Corporation stock price as of December 31st of that year. Payment will be made on the next available payday following termination.

Employment at Will

Nothing in this incentive plan should be construed as a contract for employment for any particular period of time. Either the employee or the Board may terminate a participant's employment at any time with or without cause.

Administrative Authority

The Compensation Committee of the Board of Directors of NorthWestern Corporation is responsible for Plan administration with authority to interpret the plans terms, adjust financial results and gains, approve grants and pay-outs and, if needed, to terminate the plan. Possible adjustments may include, but are not limited to "immunizing" valuation and gains from effects of financing decisions, if they would otherwise materially distort the plan's outcomes; spreading out the effects of one-time adjustments to EBIT if they would cause material aberrations in the plan; a complete restructuring of the company's capital structure, and accommodating acquisitions or divestitures.

Plan Amendment and Termination

While the Board expects to maintain this plan, it reserves the right to change, amend, or terminate the plan at any time by providing written notice to participants.